

**NEW LANDINGS UTILITY, INC.  
ILLINOIS**

**WATER STORAGE TANK  
MAINTENANCE PROGRAM**

**FOR  
150,000 Gallon Riveted, Welded,  
Lattice Leg Tank**

**PREPARED BY:  
MICHAEL C. OLESEN  
WATER SYSTEMS CONSULTANT**

**November, 2002**

NLU Exhibit WTC

## MAINTENANCE PROGRAM SUMMARY

The maintenance requirements of steel water storage tanks, as well as concrete tanks in the state of Wisconsin, have been greatly increased over the past several years. These regulations come from both the state and federal levels of government. Controls over inspections and cleaning of tanks, materials used to recoat tanks, disposal of materials taken from tanks, and qualifications of workers performing maintenance have all come into play to cause the frequency of maintenance to increase as well as the cost. Our ongoing program of care provides full coverage for all aspects of tank maintenance. Under the maintenance program, annual inspections are conducted to determine what repairs are needed and at what interval these renovations will be required.

These annual inspections, in accordance with recommendations, evaluate the following:

- \* **STRUCTURAL** - The condition of the tanks foundation and structure.
- \* **COATINGS** - The condition of the exterior and interior coatings.
- \* **SANITARY** - The condition of the screens, vents, and overflow.
- \* **SAFETY** - The condition of all safety related items.

Each of the tanks is biennially scheduled to be drained, pressure washed (to remove any debris or sediment), disinfected, and fully inspected, and the exterior pressure washed every four years. The program provides for all future renovations. This includes surface preparation, coating application, inspection, and waste removal. Also provided in the program are repairs, correction of vandalism, and regular maintenance. The repairs range from painting out graffiti to more complex repairs such as welding punctures and recoating to ensure the preservation of steel and the watertight condition of the tanks. All engineering services needed are also provided as part of the maintenance program at no added cost.

The program assures the owner that the tanks are always in compliance with state and federal regulations, and that the tanks are attractive and provide a safe and healthy environment to store potable water. If the tanks are initially in poor condition, they are renovated so that they may be accepted in the program. The initial cost for renovations can be spread over several years to soften the financial impact and to make the program more affordable to the tank owner. Once this up front cost is taken care of, the annual fee dramatically drops to a level of which it will remain constant for a three [3] year period. At the end of this three-year period, the fee may be adjusted to reflect inflation. There is a 5% per year cap, or maximum increase, which assures the customer that the program cost will be contained according to the inflationary rate of the period. This three-year adjustment increment also gives the customer a three-year level budget and enables future fees to be calculated.

A contract for a customized maintenance program designed for the New Landings Utility, Inc. will be presented to you for consideration. This contract will capitalize on the existing strengths of the condition of the water storage tank and remedy the deficiencies identified. All renovation and recommended repairs identified in the inspection report will be included in the contract.

## WHAT THE MAINTENANCE PROGRAM COVERS

- 1) All costs associated with the maintenance and upkeep of the tank.
- 2) All costs associated with the planning and evaluation for the short-term and long-term maintenance needs.
- 3) All costs associated with current and future exterior cleaning and painting.
- 4) All costs associated with current and future interior cleaning and painting.
- 5) All costs needed for exterior repairs.
- 6) All costs needed for interior repairs.
- 7) All costs associated with redoing any existing logo and artwork. Finish colors selected by the owner. Change in, or addition of, logo would need to be made part of the contract, or done by change order should change occur after contract is signed.
- 8) All costs to ensure the tank is sound, watertight, and in good working order.
- 9) All costs associated with locking and securing the tank.
- 10) All costs associated with an Illinois EPA-compliant annual inspection of the tank.
- 11) All costs associated with the Illinois EPA-compliant biennial washout and disinfection of the tank.
- 12) All costs associated with the handling of any emergency service requirements.
- 13) All costs associated with ensuring the tank is in good working order, safe, sanitary, and appreciating in value.
- 14) Block letters, two sides, "New Landings" included in contract.
- 15) NOT INCLUDED: Portable pressure tanks.

## MAINTENANCE PROGRAM LISTING

Currently, Utility Service Co., Inc. has over 5,000 tanks entrusted to our care under the identical program submitted to New Landings Utility, Inc. The following is a partial listing of systems presently under our program.

### Village of Belgium, WI

75,000 Gallon Elevated  
Mr. Daniel Birenbaum  
(262) 285-7941  
(414) 416-7085 (Cell)  
Date of Contract: June 15, 2001

### Village of Capron, IL

150,000 Gallon Single Pedestal Tank  
Mr. John Ustich, Mayor  
(815) 569-2206  
Date of Contract: September 11, 2002

### Village of Elkhart Lake, WI

160,000 Gallon Tank  
Mr. Rich Solfik  
(920) 876-2231  
Date of Contract: October 19, 2001

### Village of Hustisford, WI

200,000 Gallon Tank  
Mr. Dennis Uecker  
(920) 349-3650  
Date of Contract: October 19, 2002

### City of Jefferson, WI (Jefferson Water & Electric)

750,000 Gallon Tank  
Mr. Bruce Folbrecht  
(920) 674-7711  
Date of Contract: July 18, 2000

### City of Oconto, WI

500,000 Gallon HydroPillar  
Mr. Bob Mommaerts, P.E.  
(920) 834-7711  
Date of Contract: June 11, 2001

### Village of Port Edwards, WI

65,000 Gallon Tank  
Mr. Joe Terry  
(715) 887-3511  
Date of Contract: August 1, 2000

### City of Port Washington, WI

500,000 Gallon Single Pedestal  
Mr. David Ewig  
(262) 284-7686  
Date of Contract: August 13, 2002

### City of Racine, WI (Racine Water & Wastewater Utility)

2,750,000 Gallon Tank  
Date of Contract: December 1, 2000  
2,000,000 Gallon Tank  
Date of Contract: December 18, 2001  
Mr. Chuck Schweitzer  
(262) 636-9436

### City of Watertown, WI

1 - 500,000 Gallon Tank  
3 - 300,000 Gallon Tanks  
1 - 500,000 Gallon Ground Storage Tank  
Mr. Richard Kuerschner  
(920) 262-4075  
(414) 617-2697 (cell)  
Date of Contract: May 20, 2002

### City of Waupun, WI (Waupun Utilities)

400,000 Gallon Tank  
Mr. Glen McCarty  
(920) 324-7920  
Date of Contract: March 6, 2001

## **UTILITY SERVICE COMPANY, INC. STATEMENT OF QUALIFICATIONS**

As a thirty-nine year old company, Utility Service Co., Inc. has worked hand in hand with Municipal, County, and Industrial tank owners to become the "Proven Leader of Tank Maintenance". In order to provide all aspects of maintenance included in our program to the New Landings Utility, Inc., the following qualifications and technical support are required.

### **MAJOR RENOVATION PROJECTS:**

Currently, we have over seventy [70] maintenance crews at our disposal. Each crew of two [2] to five [5] men is equipped with a full range of equipment needed to complete both major and minor cleaning and painting projects. The majority of these crews have a crew foreman with over ten [10] years experience in water tank maintenance. All service crews operate in accordance with Company safety procedures.

### **SERVICE CENTERS:**

For the New Landings Utility, Inc., the primary Service Center is located in Illinois. This Service Center will coordinate all major production activities.

All major renovation projects will be assigned to this Service Center and coordinated through that office. To contact the service center for any information or service, call:

#### **General Manager:**

Randy Percy  
P.O. Box 362  
Pittsburg, KS 66762  
Phone: (620) 231-2160  
Fax: (620) 232-1558  
Cell: (620) 235-2175  
[rpercy@utilityservice.com](mailto:rpercy@utilityservice.com)

#### **Your Northern Illinois Contact:**

Michael C. Olesen  
1201 Richards Ave., Unit H  
Watertown, WI 53094-5100  
Phone: (920) 206-9180  
Fax: (920) 206-9190  
Cell: (920) 988-3431  
[molesen@utilityservice.com](mailto:molesen@utilityservice.com)

### **MANAGEMENT OF PROGRAMS:**

Managing the programs for the New Landings Utility, Inc. will fall under the responsibility of the Corporation's Regional Sales Office. Each tank and each major project will be assigned an engineer to examine the tanks and implement quality control. The engineer will be responsible for engineering inspections and quality control assurance programs.

The Regional Sales Office address and phone numbers are as follows:

Randy L. Moore, Vice President of Sales  
Utility Service Co., Inc.  
439 S. Kirkwood Rd., Suite 214  
Kirkwood, MO 63122  
(314) 909-9595  
Fax: (314) 909-9555  
[rmoore@utilityservice.com](mailto:rmoore@utilityservice.com)

MAINTENANCE PROGRAM FOR TANK INSPECTION SCHEDULE  
Under Utility Service Company's long-term maintenance program, each tank is inspected yearly in accordance with Illinois EPA and AWWA guidelines. There are two [2] types of inspections.

1. Engineering (Visual) Inspections
2. Washout/Inspections

These inspections normally will alternate from one year to the next. In other words, one year the tank will receive an engineering inspection and the next year, it will receive a washout inspection.

### **ENGINEERING INSPECTIONS**

This inspection is conducted by an experienced tank inspector, and the photos and report are prepared by a qualified tank engineer. The inspection is to determine:

- the condition of the exterior and interior coatings
- that the tank is in compliance with all safety and sanitary regulations
- that the tank's structural integrity is intact
- what repairs/touchups may be needed

Once this inspection is completed, a report of the findings is made and given to the tank owner. This report can serve as a yearly report on the condition of the tank, which the owner may wish to forward to the Illinois EPA.

Any repairs/touchups caused by vandalism or normal deterioration will be noted by the inspector and scheduled to be completed as soon as possible.

### **WASHOUT INSPECTIONS**

The washout inspection is conducted by a service crew when the tank is fully drained. The crew removes any sediment/sludge that has collected in the storage tank. Once the tank has been cleaned, any needed repairs/touch-ups are made. Then photographs documenting the condition of the interior are taken. The final stage of the process is to replace the manway gasket and to disinfect the interior per A.W.W.A. Spray Method #2. Now the tank is ready to be put back into service.

A report of the findings and photographs are given to the tank owner. This report can be used as documentation for the condition of the tank and proof of compliance for the Illinois EPA and AWWA.

During the washout/inspection, any needed repairs or touch-ups due to vandalism or normal deterioration will be completed. If the repairs can't be made at this time, the corrections will be scheduled and completed as soon as possible.

## MAINTENANCE CONTRACT - GENERAL INFORMATION

### CONTRACT DOCUMENTS

Each tank in the program will have a separate contract document. Each tank's contract document will be submitted in a cover binder and labeled on the exterior. Each binder will include two [2] executed contract documents.

### CONTRACT TIME

The maintenance program is a one [1] year contract, which can be extended indefinitely. The contract will be automatically renewed unless New Landings Utility, Inc. officials notify Utility Service Co., Inc. in writing of intent to cancel the contract.

### PAYMENT AND PAYMENT TERMS

Each tank under the program has a set annual fee. This fee is outlined on Page 2 of each document. The fee changes will be clearly stated in the Addendum on Page 3 of each document.

Payment terms on each tank shall be determined by New Landings Utility, Inc. officials. Annual fees may be paid on a monthly, quarterly, semi-annually, or lump sum basis. New Landings Utility, Inc. officials shall notify the Company of selected payment schedule.

### ANNUAL FEE ADJUSTMENTS

Tanks entering the maintenance program have an established base fee stated on Page 2 of each document. This base fee shall remain constant for a three [3] year increment. At the end of each three [3] year increment, the base fee may be adjusted as a result of inflation or deflation. The maximum increase or decrease is limited to 5% annually. After adjustments are made at the end of a three [3] year increment, the adjusted fee shall remain constant for the next three [3] year period.

QUESTIONS PERTAINING TO THE MAINTENANCE PROGRAM

During the course of review of the Utility Service Co., Inc.'s maintenance program for the New Landings Utility, Inc., any questions or clarification regarding the maintenance program submitted may be addressed to any of the following Company Representatives.

Carl S. Cummings  
President  
Phone: 912-987-0303  
Watts: 800-223-3695  
E-Mail: [ccummings@utilityservice.com](mailto:ccummings@utilityservice.com)

Randy Moore  
Vice President Sales  
Phone: 314-909-9595  
Fax: 314-909-9555  
E-mail: [rmoore@utilityservice.com](mailto:rmoore@utilityservice.com)

Michael C. Olesen  
Wisconsin, Northern  
Illinois, and Michigan's  
U.P. Representative  
Phone: 920-206-9180  
Fax: 920-206-9190  
E-mail: [molesen@utilityservice.com](mailto:molesen@utilityservice.com)

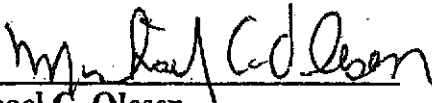
Randy Percy  
General Manager  
Phone: 620-231-2160  
Fax: 620-232-1558  
E-mail: [rpercy@utilityservice.com](mailto:rpercy@utilityservice.com)

**NEW LANDINGS UTILITY, INC.**

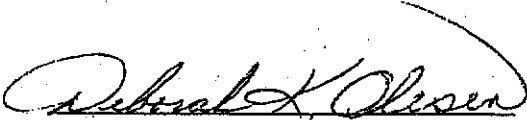
**WATER TANK MAINTENANCE PROGRAM**

**HOLD HARMLESS AGREEMENT**

The Company agrees to indemnify the Owner and hold the Owner harmless from any and all claims, demands, actions, damages, liability, and expense in connection with loss of life, personal injury, and/or damage to property by reason of any act, omission, or representation of the Company or its subcontractors, agents, or employees in the execution of this Contract.



Michael C. Olesen  
Utility Service Company, Inc.



Witness

Dated: 11/24/02

## 150,000 GAL. RIVETED, WELDED, LATTICE LEGGED TANK

### Tank Exterior

- 1) The entire exterior shall be abrasive blast cleaned in accordance with SSPC-SP6 "Commercial Blast Cleaning". All surfaces shall be clean, dry and free of contaminants. Exterior shall be blasted using containment to comply with State of Illinois regulations regarding emissions. Cleaning shall include all ladders, pipes, and steel accessories associated with the complete exterior.
- 2) After cleaning, all bare metal areas shall receive two coats of Tnemec Series 66 at 2.0-3.0 mils DFT.
- 3) The entire exterior shall receive one finish coat of Tnemec Series 1075 at 2.5-3.0 mils DFT.
- 4) All new lettering shall be painted in block lettering with Tnemec Series 1075.
- 5) All accesses shall be locked and secured.
- 6) The tank shall be made ready for service.

### Tank Interior

- 1) The interior shall be high-pressure water cleaned to remove all mud, silt, and foreign debris.
  - 2) The complete interior wet areas shall be blast cleaned in accordance with SSPC-SP10 "Near White Metal Cleaning" to include all ladders, pipes, and steel accessories associated with the complete interior.
  - 3) After cleaning, all surfaces are to be blown down using dry compressed air to remove all dust and other foreign material, then vacuumed.
  - 4) The complete interior shall be coated in accordance with AWWA D102-97 Paint System ICS-1-W using Tnemec Series 20 Pota-Pox as scheduled below:
    - a. Stripe Coat: All welded and riveted seams shall receive one coat of Series 20 by brush or roller.
    - b. Prime Coat: Apply one full coat of Series 20-1255 at 3.0-5.0 mils DFT.
    - c. Finish Coat: Apply one full coat of Series 20-15BL at 4.0-6.0 mils DFT.
- The total minimum thickness shall be no less than 8 mils DFT.
- 5) The interior shall receive forced ventilation to ensure proper curing of the interior lining.
  - 6) All manways shall be fitted with new gaskets.
  - 7) The interior shall be disinfected in accordance with AWWA Spray Method No. 2.
  - 8) The interior shall be sealed in a watertight condition and made ready for service.
  - 9) All spent abrasive shall be properly collected and disposed off-site.

## **REPAIRS:**

- The exterior coating system has failed, metal loss is occurring, and what coating remains should be removed and the tank repainted, with full containment.
- The interior coating system should be removed and replaced soon to avoid any additional deterioration, metal loss, and pitting damage to the interior steel.
- Attach the roof ladder to the roof.
- Add OSHA-compliant safety climbs to the shell and roof ladders.
- Add a mid-rail to the balcony railing, enlarge the catwalk landing, and add drain holes to the catwalk.
- An OSHA-compliant riser protective railing system should be installed.
- An additional 24-inch manway should be installed 180 degrees opposite the existing riser manway.
- A 24-inch balcony shell manway should be installed to allow two means of entrance into the bowl of the tank, and a ladder installed to the tank bottom.
- A new freeze-proof/insect-proof vent should be installed.
- The overflow should be extended down a leg to within 12-24 inches of grade, terminating with a flange/screen/flange assembly.
- A fill pipe cover should be installed.
- The grouting around the riser pipe and legs should be repaired, as needed.
- The spider rods should be removed and the roof and shell wall area sealed.

# **NEW LANDINGS UTILITY INC., ILLINOIS** **150,000 Gallon Riveted, Welded, Lattice Legged Tank**

## **MAINTENANCE PROGRAM SCHEDULE OF WORK & FEES**

<b>TANK</b>	<b>YEAR 1 2003</b>	<b>YEAR 2 2004</b>	<b>YEAR 3 2005</b>	<b>YEAR 4 2006</b>	<b>YEAR 5 2007</b>	<b>YEAR 6 2008</b>
150,000 Gal. Riveted, Welded Lattice Legged tank	Complete interior & exterior renovation. Blast, paint, and repairs	Engineering Inspection & Washout	Washout Inspection & Report	Washout, Wash off, Inspection, and Touch- up of Exterior and Interior	Engineering Inspection & Report	Washout Inspection, Touch-up of Interior & Exterior
<b>Annual Cost:</b>	<b>\$77,525.00</b>	<b>\$77,525.00</b>	<b>\$77,525.00</b>	<b>\$8,758.00</b>	<b>\$8,758.00</b>	<b>\$8,758.00</b>

In Year 1 (2003) through Year 3 (2005), the total cost of renovation and service equals a Total of **\$232,573.00**. In Years 4, 5, and 6 (2006-2008), the annual cost is **\$8,758.00**; and Utility Service Co., Inc. assumes ALL future maintenance and renovation costs per the Water Tank Maintenance Contract.

After year 6, the base fee can be adjusted every three (3) years up or down, to reflect the previous year's change in costs, with a maximum change of 5% per year, then fixed for another three (3) years.

The first payment of \$77,525.00 will be due upon completion of the scheduled work.